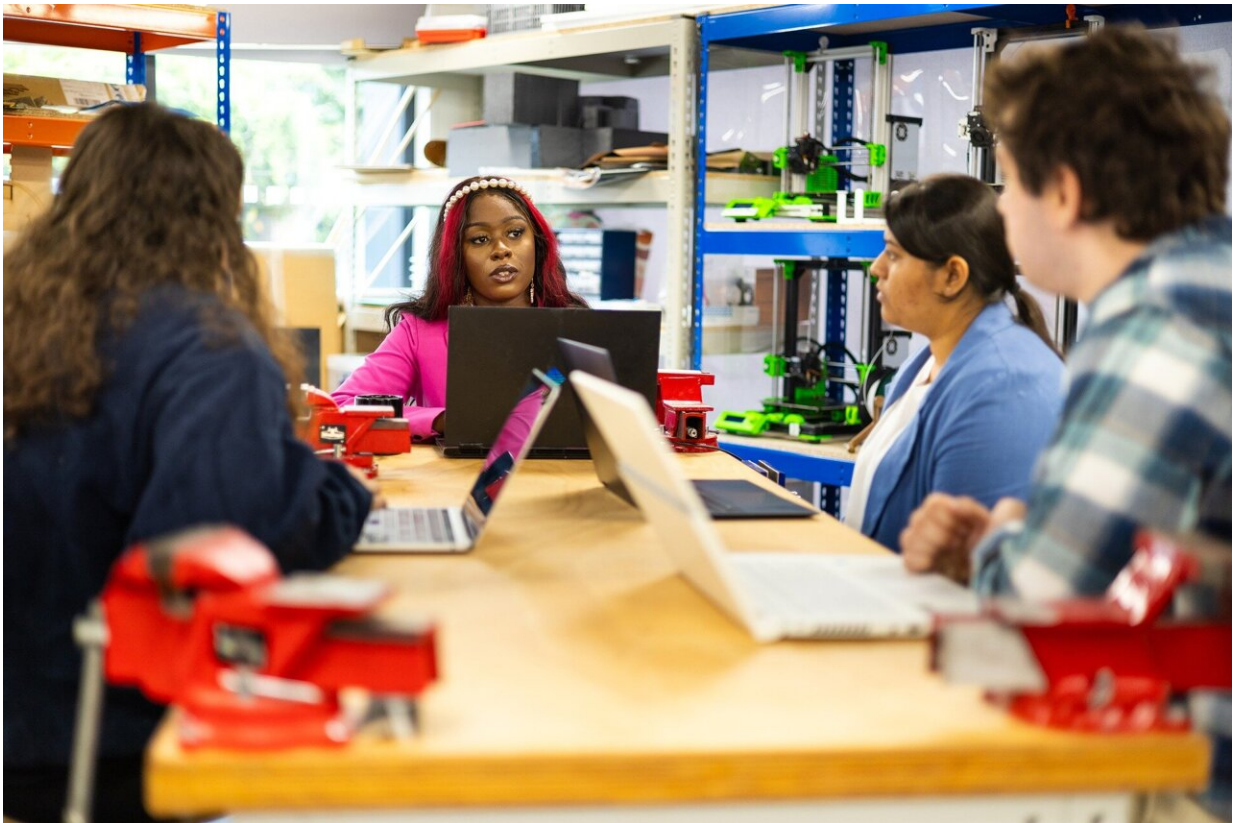


# How to reward employees fairly and improve team dynamics

May 16 2024, by Rachel Doherty

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A recent study by researchers from the University of Waterloo and Wilfrid Laurier University has shed light on how to reward employees more fairly and improve team dynamics.

The study found that when less skilled employees report their performance voluntarily, they often exaggerate their achievements and ask for higher bonuses. These employees also tend to put in less effort and are less concerned about fairness when sharing their contributions voluntarily.

Interestingly, the researchers discovered that requiring employees to explain their contributions leads to fairer decisions about bonus allocation and improves team dynamics. Employees became more honest and diligent when explanations were mandatory, which helped [managers](#) make better decisions.

Kelsey Matthews, a professor of accounting at Waterloo and co-author of the study, explained, "if management would like this information to be voluntarily provided, it is important to require an explanation to prevent self-interested [bias](#) among [team members](#) with lower abilities. This bias not only decreases the usefulness of the communication, but also compromises managers' reward allocation decisions and team dynamics."

The study involved 192 [undergraduate students](#) from a Canadian university, randomly assigned to different roles in a fictional company and placed in teams of four. After completing decision-making tasks, participants filled out a questionnaire about the process and their demographics.

Matthews noted, "We also observe that among low-ability team members, the greater strategic bias observed when the relative contribution communication is voluntary, compared to mandatory, diminishes when an explanation is required."

The [research](#), conducted by Matthews along with Leslie Berger, Lan Guo, and Christopher Wong from Wilfrid Laurier University, was

published in *Behavioural Research in Accounting*.

This study provides valuable insights for managers seeking to foster fairer reward systems and improve teamwork in their organizations.

**More information:** Leslie Berger et al, Strategic Bias in Team Members' Communication about Relative Contributions: The Effects of Voluntary Communication and Explanation, *Behavioral Research in Accounting* (2024). [DOI: 10.2308/BRIA-2022-056](https://doi.org/10.2308/BRIA-2022-056)

Provided by University of Waterloo

Citation: How to reward employees fairly and improve team dynamics (2024, May 16) retrieved 24 June 2024 from <https://phys.org/news/2024-05-reward-employees-team-dynamics.html>

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